



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES
*General Secretary and
Secretary to the Board of Directors*
TELEFÓNICA, S.A.

TELEFÓNICA, S.A. (herein after "Telefónica") as provided in article 228 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

On July 25, 2017, Colombia Telecomunicaciones, SA E.S.P. ("ColTel", 67.5% of which is owned, directly and indirectly, by Telefónica and 32.5% of which is owned by the Government of the Colombian Nation) and another telecom operator were notified of the arbitration award issued in the arbitration proceedings initiated by the Colombian Ministry of Information Technologies and Communications ("ITC") in connection with its intention to revert certain assets earmarked for the provisions of mobile voice services under former concessions. The arbitration award is not favorable to the co-defendants and is subject to a potential procedure for clarifications and/or corrections at the request of either party.

Telefónica is currently assessing the implications of the award and the remedies available both at the domestic and international levels.

Madrid, July 27, 2017

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID-**